## Opening Statement of Ranking Member Spencer Bachus

House Financial Services Full Committee Hearing
"A Review of Investor Protection and Market Oversight
with the Five Commissioners of the Securities and
Exchange Commission"
June 26, 2007

Thank you, Mr. Chairman, for convening this afternoon's hearing. We are here today to hear from our distinguished former colleague, Chairman Cox, and the other members of the Securities and Exchange Commission, on the important work they are doing to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.

Twenty-two months ago, Chairman Cox was sworn in as the 28th chairman of the SEC. He moved quickly to engender a spirit of cooperation and collegiality in the Commission's deliberations. Under his stewardship – and with the help of the commissioners who are here with him today – the SEC has made progress on a number of major regulatory initiatives, including the implementation of key provisions of the Sarbanes-Oxley Act; rules creating greater transparency and accountability in the area of executive compensation; and recognition of international accounting standards.

While many of us continue to be concerned about the burdens imposed on publicly traded companies by section 404 of Sarbanes-Oxley, particularly on smaller issuers, the Commission has done its best to mitigate those burdens by adopting risk-based, common-sense guidance on internal controls over financial reporting. On the enforcement side, the Commission has used its authority under the Fair Fund provisions of Sarbanes-Oxley to collect and distribute more than \$1.8 billion to investors victimized by the corporate scandals of recent years.

As I have previously stated, the global competitiveness of the U.S. capital markets needs to be one of this Committee's highest priorities. Since Chairman Cox's last appearance before us, three reports have been issued by three separate blue-ribbon panels recommending a series of legislative and regulatory changes needed to maintain the competitive standing of our capital markets. It is my hope that this Committee will hold hearings to carefully examine the findings of these reports, and to consider ways in which we can eliminate inefficiencies and areas of overlap in our current financial regulatory regime.

For example, split regulatory oversight and Congressional jurisdiction over securities and futures markets makes very little sense in a 21st century economy. If we are serious about America remaining the leader in the delivery of financial services, we must encourage increased dialogue between the regulators and revisit the issue of combining the SEC and the CFTC.

During his tenure at the SEC, Chairman Cox has undertaken a number of initiatives designed to address the increasingly global nature of the capital markets, including building cooperative relationships and establishing information-sharing arrangements with the SEC's foreign counterparts. In addition to working to increase access by U.S. investors to foreign investment opportunities, the Commission has proposed eliminating the requirement that foreign companies preparing their financial statements based on international reporting standards reconcile them to U. S. Generally Accepted Accounting Principles (GAAP). This is an important first step toward the adoption of a single set of global accounting standards that could increase the attractiveness of our capital markets to foreign issuers.

Let me close by thanking Chairman Frank for convening this afternoon's hearing, and by again thanking Chairman Cox and his fellow commissioners for their work to protect investors and the integrity of our markets.